

Message Text

PAGE 01 NATO 01536 172158Z
ACTION EUR-12

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C O N F I D E N T I A L USNATO 1536

E.O. 11652: GDS
TAGS: MARR NATO
SUBJECT: CHANGE IN NATO RULES FOR NATIONAL ADMINISTRATIVE
EXPENSES (NAE)

REFS: (A) C-M(77)10; (B) C-M(58)116 AND CORRIGENDA

SUMMARY: SYG LUNS CIRCULATED, AS OF 11 MARCH 1977, A
PROPOSED REVISION (REFERENCE A) TO THE AGREEMENT ON NAES.
THE REVISION REMOVES CERTAIN UNCLARITIES AND BRINGS THE
AGREEMENT INTO LINE WITH RECENT EXPERIENCE. SILENCE
PROCEDURE ENDS 25 MARCH 77. WE RECOMMEND ACCEPTANCE.

END SUMMARY.

1. SYG LUNS CIRCULATED, AS OF 11 MARCH 77, A PROPOSED
REVISION (REF A) TO THE BASIC AGREEMENT ON NAES (REF B),
FOR APPROVAL OR COMMENT UNDER THE SILENCE PROCEDURE BY
25 MARCH 77. REF A RESTATES ALL OF THE SUBSTANTIVE PRO-
VISIONS OF REF B AND AMENDS ARTICLES (5) AND (9), THUS
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PAGE 02 NATO 01536 172158Z

IN EFFECT SUPERSEDING ALL PREVIOUS DOCUMENTS ON THE SUBJECT
OF NAES AND BECOMING THE NEW BASIC DOCUMENT.

2. ARTICLE 5 WAS AMENDED BY ADDING THE FOLLOWING SENTENCE
AND FOOTNOTE:

BEGIN TEXT:

A/E (ARCHITECT-ENGINEER) FEES ON PREFINANCED WORKS
NEED NOT NECESSARILY BE INCLUDED IN A PREFINANCING STATE-

MENT BUT SHOULD BE INCLUDED IN THE REQUEST FOR
AUTHORIZATION OF THE PROJECT IN ORDER TO VECOME, AFTER AUTHORI-
ZATION, ELIGIBLE FOR COMMON FUNDING (1).

(1) FOR PAST CASES OF PREFINANCED WORKS, IT IS
UNDERSTOOD THAT A/E FEES WILL BE ACCEPTED IF THESE PRE-
FINANCED WORKS ARE RECOGNIZED AFRERWARDS AS ELIGIBLE FOR
COMMON FINANCING IN A NORMAL AUTHORIZATION. END TEXT.

3. ARTICLE 9, WHICH DEALS WITH REIMBURSEMENT TO HOST
COUNTRIES OF NAES FOR DELETED OR SUSPENDED PROJECTS, WAS
REORGANIZED AND EXPANDED TO MORE CLEARLY DIFFERENTIATE
BETWEEN CASES IN WHICH THE A/E WORK WAS DONE BY NATIONAL
STAFF AND THOSE IN WHICH A/E FIRMS WERE EMPLOYED. THE
CHANGES ARE AS FOLLOWS:

A. FOR PROJECTS DELETED OR SUSPENDED BEFORE
AUTHORIZATION, AND WHERE THE A/E WORK WAS DONE IN-HOUSE,
THE LANGUAGE OF PARA 9, REF B, IS UNCHANGED.

B. FOR PROJECTS AS IN 3.A. ABOVE, BUT WHERE A/E
FIRMS WERE EMPLOYED, THE FOLLOWING NEW LANGUAGE WAS
INSERTED:

BEGIN TEXT:

B. THAT WHERE PROJECTS FOR WHICH AN A/E FIRM HAD
BEEN REQUIRED ARE DELETED OR SUSPENDED PRIOR TO AUTHORIZATION
TO COMMIT FUNDS THE HOST COUNTRY WILL BE REIMBURSED FOR
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PAGE 03 NATO 01536 172158Z

PLANNING AND OTHER ADMINISTRATIVE EXPENSES AS FOLLOWS:

(A) FOR A PROJECT OR PART OF A PROJECT REMOVED
FROM A SUPREME COMMANDER'S RECOMMENDED SLICE 2 PER CENT
OF THE ESTIMATED PROGRAM AMOUNT (1);

(B) FOR A PROJECT OR PART OF A PROJECT REMOVED
FROM A SUPREME COMMANDER'S APPROVED SLICE (1), 2 PERCENT
OF THE PROGRAMMED AMOUNT PLUS 50 PERCENT OF THE DIFFERENCE
BETWEEN THE A/E FEES ACTUALLY INCURRED AND THE 2 PERCENT
OF THE PROGRAM AMOUNT. THE TOTAL AMOUNT WILL NOT EXCEED
5 PERCENT OF THE PROGRAM AMOUNT.

(1) FOR ALL UNRESOLVED CASES SUBMITTED PRIOR TO
8 MARCH 1972 (AC/4-R/855, ITEM II) IT HAS BEEN AGREED THAT
OWING TO THE SPECIAL CIRCUMSTANCES IN THESE CASES, THE A/E
FEES BE REIMBURSED TO TH HOST NATION PLUS ONE-HALF PERCENT
OF THE SUPREME COMMANDER'S SLICE ESTIMATED AMOUNT. END TEXT.

C. FOR PROJECTS OR PARTS OF PROJECTS DELETED OR
SUSPENDED AFTER AUTHORIZATION WE HAVE ADDED TO PARA 9(C) (II)
OF REF B THE PHRASE, "PLUS ANY AUTHORIZED ARCHITECT-ENGINEER
FEES ACTUALLY INCURRED FOR THESE WORKS". THE PROVISIONS
FOR CANCELLATION COSTS IN PARA 9(C) OF REF B ARE FOOTNOTED
IN THE NEW VERSION.

4. THE PROPOSED CHANGES REFLECT RECENT ACTUAL
EXPERIENCE IN INFRASTRUCTURE PROJECT MANAGEMENT AND HAVE

BEEN THE SUBJECT OF LONG AND CAREFUL ANALYSIS IN
THE INFRASTRUCTURE COMMITTEES. WE BELIEVE THAEY ARE
NECESSARY AND USEFUL AND RECOMMEND THAT THE S ACCEPT THEM.
ACTION REQUESTED: WASHINGTON AUTHORITY TO ACCEPT BY COB
24 MARCH 77.STRAUSZ-HUPE

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<< END OF DOCUMENT >>

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